

RAPIDES PARISH GAS UTILITY DISTRICT NO. 2**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/22/09

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ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

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June 17, 2009

Independent Accountants' Report

To the Board of Directors
Rapides Parish Gas Utility District No. 2

We have reviewed the accompanying basic financial statements the of Rapides Parish Gas Utility District No. 2, as of and for the year ended December 31, 2008, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Gas District.

A review consists principally of inquiries of personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order to conform with generally accepted accounting principles. The management's discussion and analysis listed in the accompanying table of contents is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information, without audit our review. Accordingly, we do not express any opinion or any other form of assurance on the supplementary information.

-Members-

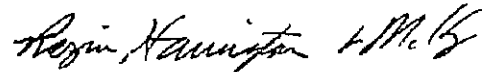
American Institute of Certified Public Accountants • Society of Louisiana CPAs

Rapides Parish Gas Utility District No. 2

June 17, 2009

Page 2

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated June 17, 2009, on the results of our agreed-upon procedures.



ROZIER, HARRINGTON & McKAY

Certified Public Accountants

Rapides Parish Gas Utility District No. 2

Management's Discussion And Analysis **December 31, 2008**

This section of the annual financial report presents our discussion and analysis of the Gas District's financial performance during the fiscal year ended December 31, 2008. This section should be read in conjunction with the financial statements that appear in the following section:

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements report information about the Gas District as a whole using accounting methods similar to those used by private-sector companies. These financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the basic financial statements include all of the Gas District's assets and all liabilities (including long-term debt). Revenue earned and expenses incurred in connection with the distribution of natural gas are reported as business-type activities.

FINANCIAL ANALYSIS OF THE GAS DISTRICT

This portion of the management's discussion and analysis provides a comparative financial analysis.

Balance Sheet

A condensed version of the Gas District's Balance Sheet is presented as follows:

| | December 31, | |
|----------------------------------|---------------------|-------------|
| | 2008 | 2007 |
| <u>Assets:</u> | | |
| Current and Other Assets | \$ 282,617 | \$ 260,775 |
| Capital Assets | 188,466 | 200,754 |
| Total Assets | 471,083 | 461,529 |
| <u>Liabilities:</u> | | |
| Current and Other Liabilities | 73,899 | 59,040 |
| Long-term Liabilities | 119,411 | 129,502 |
| Total Liabilities | 193,310 | 188,542 |
| <u>Net Assets:</u> | | |
| Invested in Capital Assets (Net) | 37,615 | 49,903 |
| Unrestricted | 240,158 | 223,084 |
| Total Net Assets | \$ 277,773 | \$ 272,987 |

At July 31, 2008, the Gas District's assets exceed liabilities by \$277,773. A portion of the Gas District's net assets (13.5%) are capital assets. Net assets invested in capital assets consist of

Rapides Parish Gas Utility District No. 2

Management's Discussion And Analysis **December 31, 2008**

equipment and gas distribution infrastructure less debt used to acquire the assets that remains outstanding. Capital assets are used to distribute natural gas and are not available for future expenditures.

The remaining resources (86.5%) are unrestricted and may be used at the Gas District's discretion.

Revenues, Expenses and Changes in Net Assets

A condensed version of the statement of revenues, expenses and changes in net assets is presented as follows:

| | For the Year Ended | |
|---|---------------------------|-------------|
| | December, 31 | |
| | 2008 | 2007 |
| Operating (Program) Revenues | \$ 204,343 | \$ 155,909 |
| Operating (Program) Expenses | 207,334 | 178,284 |
| Operating Income (Loss) | (2,991) | (22,375) |
| <u>Nonoperating Revenues (Expenses)</u> | | |
| Interest Income | 7,495 | 9,469 |
| Other | 282 | 127 |
| Total Nonoperating Revenues (Expenses) | 7,777 | 9,596 |
| Net Income (Loss) | \$ 4,786 | \$ (12,779) |

For the year ended December 31, 2008, operation of the Gas District resulted in a modest income. Revenue and expenses increased due to a substantial increase in the cost of purchasing natural gas that was passed on to the Gas District's customers.

FINANCIAL ANALYSIS OF THE GAS DISTRICT'S FUNDS

The Gas District uses a single business-type fund for financial reporting. Since all activity is reported in a single fund, an analysis of funds is unnecessary.

BUDGET HIGHLIGHTS

Business-type funds are not required to adopt budgets. Accordingly, no budget presentation is provided.

Rapides Parish Gas Utility District No. 2

Management's Discussion And Analysis **December 31, 2008**

CAPITAL ASSET ADMINISTRATION

Capital asset activity was limited to recording depreciation on assets purchased in previous years.

DEBT ADMINISTRATION

For the year ended December 31, 2008, there were no new debts and no payments were made toward existing obligations.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations.

Rapides Parish Gas Utility District No. 2

Statement of Net Assets

December 31, 2008

| | <u>Business-Type Activities</u> <u>(Utility Enterprise Fund)</u> |
|--|---|
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash | \$ 251,804 |
| Receivables | 30,108 |
| Other assets | <u>705</u> |
| Total Current Assets | 282,617 |
| Property and equipment (net of accumulated depreciation) | <u>188,466</u> |
| Total Assets | <u>471,083</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities: | |
| Accounts payable - operating | 19,929 |
| Customer deposits | 22,530 |
| Current portion - advances payable | <u>53,970</u> |
| Total Current Liabilities | 96,429 |
| Long-Term Liabilities: | |
| Advances payable | <u>96,881</u> |
| Total Liabilities | <u>193,310</u> |
| <u>NET ASSETS</u> | |
| Invested in capital assets (net) | 37,615 |
| Retained earnings | <u>240,158</u> |
| Total Net Assets | <u>\$ 277,773</u> |

See the Accompanying Notes and Accountants' Report.

Rapides Parish Gas Utility District No. 2**Statement of Revenues, Expenses, and Changes in Net Assets**
For the Year Ended December 31, 2008

| | <u>Business-Type Activities</u> <u>(Utility Enterprise Fund)</u> |
|---|---|
| <u>OPERATING REVENUES:</u> | |
| Sales of natural gas | \$ 203,638 |
| Other operating revenue | 705 |
| Total revenues | <u>204,343</u> |
| <u>OPERATING EXPENSES:</u> | |
| Purchases of natural gas | 125,522 |
| Salaries and wages | 32,624 |
| Employee benefits and payroll taxes | 3,671 |
| Contract labor | 2,000 |
| Legal and professional | 1,616 |
| Insurance and bonding | 1,472 |
| Depreciation | 12,288 |
| Repairs and maintenance | 4,187 |
| Supplies | 9,756 |
| Telephone and utilities | 3,022 |
| Office supplies and expense | 6,956 |
| Other | 4,220 |
| Total expenses | <u>207,334</u> |
| Operating Income | <u>(2,991)</u> |
| <u>OTHER INCOME AND EXPENSES</u> | |
| Interest income | 7,495 |
| Other | 282 |
| Total other income and expenses | <u>7,777</u> |
| Net income (loss) | 4,786 |
| Net assets (deficit) - beginning of year | <u>272,987</u> |
| Net assets (deficit) - end of year | <u>\$ 277,773</u> |

See the Accompanying Notes and Accountants' Report.

Rapides Parish Gas Utility District No. 2

Statement of Cash Flows

For the Year Ended December 31, 2008

| | <u>Business-Type Activities</u> <u>(Utility Enterprise Fund)</u> |
|--|---|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | |
| Cash flow from customers | 200,286 |
| Cash payments to suppliers of goods and services | (156,201) |
| Cash payments to employees for services | (32,624) |
| Net cash provided (used) by operating activities | <u>11,461</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | |
| Cash payments for property and equipment | - |
| Net cash provided (used) by capital and related financing activities | <u>-</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | |
| Interest receipts | 7,495 |
| Net cash provided (used) by investing activities | <u>7,495</u> |
| Net increase (decrease) in cash | 18,956 |
| Beginning cash balance | <u>232,848</u> |
| Ending cash balance | <u><u>251,804</u></u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u> | |
| Operating Income | (2,991) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 12,288 |
| Miscellaneous | 282 |
| (Increase) decrease in operating receivables | (4,854) |
| (Increase) decrease in other assets | 1,968 |
| Increase (decrease) in accounts payable | 4,253 |
| Increase (decrease) in customer deposits | 515 |
| Net cash provided (used) by operating activities | <u>11,461</u> |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

For the year ended December 31, 2008 there were no noncash investing, capital or financing activities.

Rapides Parish Gas Utility District No. 2

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rapides Parish Gas Utility District No. 2 (the Gas District) was created to provide gas utility service for portions Rapides Parish. It is governed by a Board consisting of five members appointed by the Rapides Parish Police Jury.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the reporting entity to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Gas District is a component unit of the Rapides Parish Police Jury. The accompanying component unit financial statements present information only on the funds maintained by Rapides Parish Gas Utility District No. 2 and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

Basic Financial Statements

The Gas District uses an enterprise fund for financial reporting purposes. Enterprise funds are proprietary funds used to account for business-like activities. These activities are financed primarily

Rapides Parish Gas Utility District No. 2

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

by user charges and the measurement of financial activity focuses on net income measurement in a manner similar to the private sector. Due to these similarities, proprietary funds are allowed to follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Gas District only applies those FASB pronouncements that were issued on or before November 30, 1989.

Basis of Accounting and Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The Gas District's enterprise fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with their activities are reported. Proprietary fund equity is classified as net assets.

In addition, the Gas District's enterprise fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

The Gas District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Gas District's principal ongoing operations.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets include significant acquisitions that are expected to remain in service for a period of years. All capital assets are reported at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. Useful lives typically range from five to forty years.

Statement of Cash Flows

Amounts reported as cash include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

Rapides Parish Gas Utility District No. 2

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 2 - CASH

Deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year end, the collected bank balance of \$269,618 was secured by \$250,000 in FDIC coverage and securities pledged the financial institutions. The fair market value of securities pledged at year end was not available. The Gas District has not formally adopted policies that address interest rate risk.

NOTE 3 - RECEIVABLES

At December 31, 2008, receivables were limited balances due from utility customers for the sale of natural gas. Based on past experience, management expects the receivables to be fully collectible in all material respects.

NOTE 4 - CAPITAL ASSETS

A summary of the Gas District's capital assets is provided as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|-----------------------------------|------------------------------|--------------------|------------------|---------------------------|
| <u>Depreciable Capital Assets</u> | | | | |
| Natural Gas Distribution System | \$ 381,438 | \$ — | \$ — | \$ 381,438 |
| Portable Buildings | 3,210 | — | — | 3,210 |
| Equipment | 23,108 | — | — | 23,108 |
| Accumulated Depreciation | (207,002) | (12,288) | — | (219,290) |
| Total Capital Assets | <u>\$ 200,754</u> | <u>\$ (12,288)</u> | <u>\$ —</u> | <u>\$ 188,466</u> |

NOTE 5 - RISK MANAGEMENT

The Gas District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Gas District insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Rapides Parish Gas Utility District No. 2

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 6 – LONG-TERM DEBT

A portion of the Gas District's distribution system is located beneath various road rights of way. Due to the use of road rights of way, the Gas District was forced to relocate a portion of its distribution system in order to accommodate a highway improvement project. Funds necessary to complete the relocation were provided by an advance from the Department of Transportation and Development (DOTD) in the amount of \$172,043.

Under the terms of its arrangement with the DOTD, the Gas District is obligated to repay the advance by remitting five percent of its gross receipts on an annual basis. Furthermore, the annual remittances are required to continue until the balance is paid in full. No interest is charged on the outstanding balance.

Although the Gas District has agreed to make annual payments, the DOTD has limited ability to enforce the obligation. In the event the Gas District fails to make payments, the DOTD's recourse is limited to rejecting any future request to utilize road right of way. At December 31, 2008 a balance of \$150,851 remains outstanding. The portion due presently based on the repayment terms described above is reported as a current liability and the remainder is reported as a long-term liability as summarized below:

| | |
|-------------------------|-------------------|
| <u>Advances Payable</u> | |
| Current Portion | \$ 53,970 |
| Long-Term Portion | 96,881 |
| Total | <u>\$ 150,851</u> |

NOTE 7 – RELATED PARTY TRANSACTIONS

The immediate family member of a member of the Board of Directors received \$2,026 as compensation for performing repair and maintenance services.

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M. DALE HARRINGTON, CPA
RETIRED - 2005

June 17, 2009

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Rapides Parish Gas Utility District No. 2

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Rapides Parish Gas Utility District No. 2 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Gas District's compliance with certain laws and regulations during the year ended December 31, 2008, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW:

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no purchases with the scope of the Public Bid Law.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of the Board Members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of the Board Members and employees, as well as their immediate families.

Rapides Parish Gas Utility District No. 2

June 17, 2009

Page 2

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with all payroll records.

4. Determine whether any of those employees included in the records obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the reports provided by management in agreed-upon procedure (2).

BUDGETING

5. Obtained a copy of the legally adopted budget and all amendments.

Not Applicable:

Since the Gas District's operations are limited to business-type activities, it is not required to adopt a budget.

6. Trace the budget adoption and amendments to the minute book.

Not Applicable:

Since the Gas District's operations are limited to business-type activities, it is not required to adopt a budget.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Not Applicable:

Since the Gas District's operations are limited to business-type activities, it is not required to adopt a budget.

ACCOUNTING AND REPORTING

8. Randomly select six disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee.

Rapides Parish Gas Utility District No. 2

June 17, 2009

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We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee. However, an instance of non-compliance was noted as follows:

Finding 2008-1:

One of the selected checks was payable to the immediate family member of a Board Member as compensation for contract labor. The payment represents an apparent violation of RS 42:1113(B), which reads as follows:

"....no appointed member of any board or commission, member of his immediate family, or legal entity in which he has a substantial economic interest shall bid on or enter into or be in any way interest in any contract, subcontract or other transaction which is under the supervision or jurisdiction of the agency of such appointed member."

The check in question was in the amount of \$668.00. Further investigation revealed additional checks written to the immediate family member resulting in total compensation of \$2,026.40.

(b) determine if payments were properly coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated that each check was signed by the proper official. No further approval was required.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Finding 2008-2:

Due to limitations imposed by the Gas District's facilities, meetings are typically held in a private home. Meetings are scheduled as needed by contacting the various Board Members to identify a time that accommodates everyone's schedule. However, no effort is made to post a public notice identifying the date, time and location of the meeting.

Rapides Parish Gas Utility District No. 2

June 17, 2009

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DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected the cash receipts journal for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

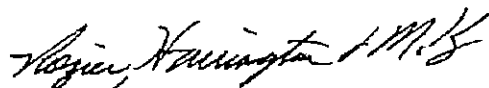
ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

We inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Rapides Parish Gas Utility District No. 2 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & McKAY
Certified Public Accountants

Rapides Parish Gas Utility District No. 2

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2008

| SECTION I - Review Report | |
|--|---|
| No findings of this nature were reported | Response – N/A |
| SECTION II - Attestation Report | |
| <p><u>Finding 2008-1 (Related Party Transactions):</u></p> <p>One of the selected checks was payable to the immediate family member of a Board Member as compensation for contract labor. The payment represents an apparent violation of RS 42:1113(B), which reads as follows:</p> <p>“...no appointed member of any board or commission, member of his immediate family, or legal entity in which he has a substantial economic interest shall bid on or enter into or be in any way interested in any contract, subcontract or other transaction which is under the supervision or jurisdiction of the agency of such appointed member.”</p> <p>The check in question was in the amount of \$668.00. Further investigation revealed additional checks written to the immediate family member resulting in total compensation of \$2,026.40.</p> <p><u>Finding 2008-2 (Open Meetings Law):</u></p> <p>Due to limitations imposed by the Gas District's facilities, meetings are typically held in a private home. Meetings are scheduled as needed by contacting the various Board Members to identify a time that accommodates everyone's schedule. However, no effort is made to post a public notice identifying the date, time and location of the meeting.</p> | <p><u>Response 2008-1:</u></p> <p>Prior to the release of this report, management was unaware of the provisions of RS 42:1113(B). In addition, until recently the Gas District retained a former member of the Legislative Auditor's staff to provide accounting and consulting services. Part of these services included advising the Gas District on legal compliance issues. We relied upon this advice prevent inadvertent non compliance with legal requirements. Our advisor was aware of the related party transactions but did not mention any potential legal consequences.</p> <p>Failure to comply with RS 42:1113(B) was merely an oversight and in no way represented willful disregard for the law. Based on the information that has been brought to management's attention, all future related party transactions will be avoided.</p> <p><u>Response 2008-2:</u></p> <p>In the future, management intends to post a notice providing details regarding upcoming meetings as required by State Law.</p> |
| SECTION III - Management Letter | |
| No findings of this nature were reported | Response – N/A |

Rapides Parish Gas Utility District No. 2

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2008

| SECTION I - Accountants' Report | |
|---|----------------|
| No findings were reported in the schedule of findings and questioned costs. | Response – N/A |
| SECTION II - Attestation Report | |
| No attestation report was issued for the previous year. | Response – N/A |
| SECTION III - Management Letter | |
| No management letter was issued with this report. | Response – N/A |

LOUISIANA ATTESTATION QUESTIONNAIRE
FOR THE YEAR ENDED DECEMBER 31, 2008

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

(Date Transmitted)

Rozier, Harrington & McKay
Post Office Box 12178
Alexandria, Louisiana 71315

In connection with your review of our financial statements as of **December 31, 2008** and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of **June 2, 2009**.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [☒] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [☒] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [☒] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [☒] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [☒] No [☐]

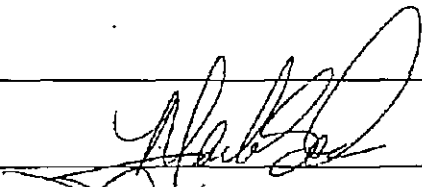
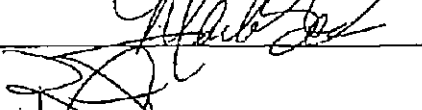
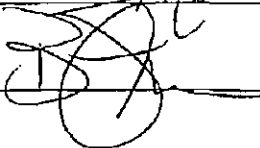
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

 Secretary 6-20-09 Date
 Treasurer 6-20-09 Date
 President 6-20-09 Date